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In The

Supreme Court of the United States

October Term 1985

No. 84-1121

SIR SPEEDY, INC.

Petitioners

vs.

SPEEDY PRINTING CENTERS, INC.

Respondents.

RESPONDENT'S BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SIXTH CIRCUIT

JOHN G. BATCHELDER
900 Tower Drive, Suite 555
Troy, Michigan 48098

Attorney for Respondents

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RESPONDENT'S SUPPLEMENT TO PETITIONER'S STATEMENT OF THE CASE

Petitioner SIR SPEEDY'S Statement of the Case omits certain vital facts considered probative by both the District Court and the 6th Circuit Court of Appeals in connection with Petitioner SIR SPEEDY'S claim of exclusive rights to the name SPEEDY as used in connection with the so-called instant printing business.

One essential fact which has been omitted from Petitioner SIR SPEEDY'S Statement of the Case is the fact that at its inception, in 1969, Petitioner initially traded under the name SPEEDY COPY CENTERS. In the words of the District Court (Appendix, pp. 18-19):

> "Shortly after its (Petitioner's) inception and at the start of its franchise activities it authorized a franchise to Mr. John Hughes in Phoenix, Arizona. Shortly after opening, Mr. Hughes received notification from an existing Phoenix printing and duplicating business called Speed-O-Copy demanding a change of plaintiff's (Petitioner's) then business name, Speedy Copy Centers."

It was in response to this complaint that Petitioner changed its name to SIR SPEEDY INSTANT PRINTING CENTERS.

In that Petitioner SIR SPEEDY is asserting that it has exclusive rights to the usage of the name SPEEDY in connection with the instant printing business, it would appear that Petitioner's abandonment IN 1969 of the name SPEEDY in favor of SIR SPEEDY has sufficient bearing on the issues to receive at least passing mention in an

objective and complete statement of the case.

Also notably omitted from Petitioner's SIR SPEEDY'S Statement of the Case is any reference to litigation filed against Petitioner in Massachusetts in 1978, namely, Rapid Print, Incorporated d/b/a Speedy Print Copy Service v. Sir Speedy Inc., which Petitioner SIR SPEEDY settled by agreeing to a consent judgment under which Rapid Print, Incorporated, was allowed to continue to do business as and under the name of SPEEDY PRINT COPY SERVICE. And in a parallel and contemporaneous trademark cancellation proceeding between these same parties SIR SPEEDY stated:

> "...there is no likelihood of the public by reason of the contemporaneous use of the phrase SPEEDY-PRINT COPY CENTERS and SPEEDY PRINT by Petitioner and the registered mark SIR SPEEDY by Registrant."

Also notably omitted from Petitioner SIR SPEEDY'S Statement of the Case is any reference to the evidence presented below which conclusively established the existence, at the time of trial, of over 100 third party instant printing businesses throughout the United States operating under trade names whose initial word was SPEEDY or some obvious variation thereof, such as SPEE-D, etc. The existence of these last establishments is believed to be evidence worthy of consideration in connection with Petitioner's claim of exclusive rights in the name SPEEDY in connection with the instant printing business.

Finally, Petitioner's characterization of the District Court's holding (Petition p. 4a) as being based on the rationale that national franchisors are not entitled to the protection of the United States Trademark Laws is inaccurate. The holding of the District Court is succinctly and accurately summarized in the penultimate paragraph of its opinion (Appendix p. 56):

> "The plaintiff in this case (Petitioner Sir Speedy) simply failed to meet its threshold burden of proving that the public associated the word "Speedy" solely with its (Petitioner's) printing operation, and therefore, failed to establish the secondary meaning which would have entitled (Petitioner) Sir Speedy to exclusive use of the word."

WHY THE PETITION SHOULD BE DENIED

While Petitioner SIR SPEEDY has worded its questions presented to this

Court to imply (a) it received second-class treatment from the courts below because it was a franchisor and (b) proof of confusion always equals proof of secondary meaning, the ultimate question SIR SPEEDY is presenting to this Court is:

> "Did the District Court err in holding Petitioner Sir Speedy had failed to prove it had acquired secondary meaning in the word SPEEDY as applied to the instant printing business?"

The District Court held Petitioner SIR SPEEDY'S evidence insufficient "to establish those elements which would entitle it to the protection and relief it seeks in this litigation." (A31); the Sixth Circuit, in affirming, held:

> "The plaintiff (SIR SPEEDY) in this case simply failed to meet its threshold burden of proving that the public associated the word 'Speedy' solely with its printing operation,

> and therefore, failed to establish the secondary meaning which would have entitled Sir Speedy to exclusive use of the word." (A56)

At the outset, it should be noted that Petitioner SIR SPEEDY concedes that the word SPEEDY, as applied to the instant printing business, is descriptive.

Petitioner SIR SPEEDY concedes it was required to prove secondary meaning and, by a process of circular reasoning, here contends it carried that burden, based solely on alleged evidence of confusion.

I. THE EXISTENCE OF CONFUSION DOES NOT NECESSARILY ESTABLISH PROOF OF SECONDARY MEANING

Petitioner SIR SPEEDY'S basic premise is that if confusion between SIR SPEEDY and SPEEDY exists, then SIR SPEEDY must have acquired secondary meaning in SPEEDY alone.

Both the District Court and the Appeals Court dealt extensively with the issue of secondary meaning, since it was uncontroverted that Plaintiff possessed the threshold burden of proving secondary meaning in the word "Speedy" before it would be entitled to any relief. While Plaintiff introduced extensive evidence of "actual confusion", this, alone, is insufficient to establish secondary meaning. As the Sixth Circuit explained:

> "The gravamen of plaintiff's appeal was that the trial court erred in holding that the word 'Speedy' had not acquired secondary meaning. Specifically, plaintiff argued that the trial court failed to give adequate weight to the evidence of consumer confusion in differentiating between Sir Speedy and Speedy Printing Shops. As explained by the court in American Scientific, supra, however, the determination of secondary meaning requires consideration of a vast array of

elements, with the confusion which stems from the use of similar marks by competitors constituting only one such element:

> Diverse types of evidence have been considered by courts in determining whether a mark has acquired a secondary meaning. The evidence may include customer surveys, customer testimony, the use of the mark in trade journals, the size of the company, number of sales, the amount, nature and geographical scope of advertising, the period of time during which the mark has been used, the number of customers, and actual confusion.

690 F.2d at 793 (citing with approval district court's use of above factors as found in 1 J. Thomas McCarthy, Trademark and Unfair Competition, §§15:10 - 15.21 (1st ed. 1973 & Supp. 1982)).

In the instant case, the plaintiff introduced no evidence of customer surveys or testimony. Rather, Sir Speedy relief upon the dollars expended by the corporation and its franchisees in advertising the Sir Spoeedy mark (approximately $7.6 million from commencement of the corporation to the time of

> trial), and voluminous documentation of incidents of confusion regarding the two companies.
>
> In concluding that plaintiff had not proved its threshold burden of establishing secondary meaning, the court below nevertheless considered the advertising expenditures but concluded that the evidence as to confusion was actually counter-productive to plaintiff's argument that the public associated 'Speedy' exclusively with Sir Speedy."

As indicated in 1 Jerome Gilson, Trademark Protection and Practice, §2.09-2.09[1] (1st Edition 1974 and Supp. 1984), to establish secondary meaning in an inherently nondistinctive term, the plaintiff must show that the primary significance of the term in the public mind is not the product but its producer, citing Kellogg Co. v. National Biscuit Co., 305 U.S. 111, 59 S.Ct. 109, 83 L.Ed. 73 (1938). Among the factors considered in the determination of

whether a mark has acquired secondary meaning are: (1) purchasing public and direct consumer testimony, (2) consumer surveys, (3) advertising and sales, (4) length and manner of use, and (5) exclusivity of use.

The record developed by Plaintiff at trial was devoid of any direct consumer testimony or surveys. Likewise, there was no positive testimony regarding length and manner of use. The record, also, developed the existence of over one hundred establishments, exclusive of Petitioner and Respondent, using the word Speedy or a variant thereof, in the same or similar business.

Against this background the Sixth Circuit found that the District Court's

ruling that SIR SPEEDY had not proven secondary meaning was not clearly erroneous.

Furthermore, as summarized in its own Petition, the evidence introduced by Petitioner SIR SPEEDY on the confusion issue invariably recited an instance where a person seeking to do business with Respondent SPEEDY called or came to one of Petitioner SIR SPEEDY'S franchise locations.

This type of evidence was, as noted by the District Court (A35), counter-productive as to proving any secondary meaning possessed by Petitioner SIR SPEEDY in the word SPEEDY.

While Petitioner's evidence may certainly be said to be evidence of confusion, it did not establish that any

of the confused parties had ever even heard of Petitioner SIR SPEEDY and, moreover, the evidence, alone, was insufficient to establish secondary meaning. See inter alia, American Heritage Life Insurance Co. v. Heritage Life Insurance Co., 494 F.2d 312 (5th Cir. 1974).

II. PETITIONER'S STATUS AS A FRANCHISOR WAS PROPERLY CONSIDERED BY THE DISTRICT COURT IN CONNECTION WITH PETITIONER'S BURDEN OF PROOF

Petitioner claims that because of its status as a franchisor, it received "second-class" treatment from the District Court. Nothing in the record supports this assertion.

The District Court, in supporting its findings, discussed, via dicta, the genesis of the instant printing industry. Thus, the District Court

indicated that the franchising of store front instant printing centers sprung into being when technological changes in printing and duplicating equipment made the establishment of instant printing centers economically feasible. (A22-23) This new equipment was available to one and all, and hence the services offered to the public by the front-line troops - the franchisees of Petitioner, Respondent, and numerous third parties - were substantially identical. However, this dictum never militated a subjugation of fundamental trademark rights to franchisors. Both the District Court and Appeals Court decided the matter in accordance with accepted standards of law and <u>did not</u> create a separate body of law for

franchisors. The Appeals Court addressed this issue when it stated:

> "This disposition by the trial court is not clearly eroneous. To the contrary, it is well-reasoned and in accord with settled principles of trademark law."

Because the function of a service mark is to distinguish the services offered by one party from those offered by his competitor, it would seem only logical that if the public has any interest in distinguishing the services offered by one party from those offered by the other, the public should have some basis to believe there is a distinction between the services offered by the respective parties.

Could, for example, trademark rights exist in truly fungible goods?

It is conceded that the services here offered cannot be considered fungible. However, because the services offered by Petitioner, Respondent, and numerous third parties are so substantially similar, the likelihood that the purchasing public will have any reason to want to distinguish these services of one party from those of another is greatly diminished.

In such a situation, where the public has little reason to be concerned with brand identification, proof of brand identification should be more convincing than that which was proffered in the present case.

III. AS APPLIED TO THE INSTANT PRINTING BUSINESS, THE NAME SPEEDY HAS BEEN SO DILUTED AS TO BECOME INCAPABLE OF EXCLUSIVE APPROPRIATION BY PETITIONER OR ANYONE ELSE

As to the nature of the business in which both parties are involved, the District Court had the following comments:

> "The significance of the historical development which the court gave hereinabove in this opinion indicating the technological changes in the printing business is that a new industry has been created, and that industry is the instant or speedy-printing industry. As such, the term 'Speedy' is descriptive to the Nth degree." (A32)

> "The truth of the matter is, however, that both the plaintiff and the defendant and a host of their competing national franchisors are offering, for all practical purposes, to the consuming public the same service. And this is a service which is identified in the minds of the public with the name 'speedy', 'quick', or 'instant' printing.

> This is further attested to by a host of exhibits in this case consisting of the Yellow Pages of various phone books for various years from various cities the length and breadth of the United States, all of which, under the heading 'Printing', currently lists any number of printing establishments, all touting as their principal claim to public fame that they do the job quickly, speedily, instantly, or some derivative of that word." (A34)

At an earlier point in its opinion (A31), the Court had remarked "The word 'Speedy' itself may in fact be generic."

This statement on the part of the District Court was not entirely speculative. Deposition testimony of one of Petitioner SIR SPEEDY'S witnesses, which was read into the record, was to the effect that he investigated the possibility of becoming a SIR SPEEDY franchisee because he wanted to get into the "speedy printing" business and

thought at the time he contacted SIR SPEEDY that "speedy printing" was the generic name for a type of printing business.

Evidence introduced at trial showed the existence of well over 100 printing or duplicating businesses, unaffiliated with either Petitioner or Respondent, who employed the word SPEEDY or a variation thereof as the initial word of their trade name. This last group did not include numerous other instant printing businesses which employed the word "speedy" in their trade name, but not as the initial word, such as, for example, JOE'S SPEEDY PRINTING.

In brief, in the context of the present fact situation, the word SPEEDY "is in common usage, and...is not the

type of word that one may fence off and keep the rest of the world from using..." (A32)

IV. SIR SPEEDY'S MARK IS SIR SPEEDY, NOT SPEEDY ALONE

As noted by the District Court, Petitioner SIR SPEEDY initially commenced its business operations under the name SPEEDY COPY CENTERS. When challenged by a prior user of the name SPEED-O-COPY, Petitioner PROMPTLY changed its name to SIR SPEEDY INSTANT PRINTING CENTERS. (A18-19)

This act on the part of Petitioner would seem to be a concession that Petitioner possessed no exclusive right in the word SPEEDY alone as applied to the instant printing business.

It should also be noted that this change of name from SPEEDY to SIR SPEEDY

by Petitioner occurred in 1969, and that substantially all of the advertising expenses of which SIR SPEEDY boasts were incurred after this change of name and thus devoted to the glorification of SIR SPEEDY, not SPEEDY alone.

V. THERE IS NO CONFLICT BETWEEN THE SIXTH CIRCUIT AND THE NINTH CIRCUIT'S DECISION IN AMERICAN SCIENTIFIC CHEMICAL, INC. V. AMERICAN HOSPITAL SUPPLY CORP.

Petitioner SIR SPEEDY urges upon this Court that the decision of the Sixth Circuit in this case is in conflict with the decision of the Ninth Circuit in American Scientific Chemical, Inc. v. American Hospital Supply Corp., 690 F.2d 791 (9th Cir. 1982).

It is believed Petitioner's argument is not supported by the respective decisions. In fact, the American

Scientific Chemical case was cited and considered by the Sixth Circuit in its opinion in the present case (see A51, 54 and 55).

While the end result differs in the two cases, a reading of the American Scientific Chemical case simply shows that the evidence offered by American Scientific Chemical in support of its claim of secondary meaning was found to be sufficient by the Ninth Circuit, while the Sixth Circuit in the present case found that SIR SPEEDY had failed to carry its burden of proof on the secondary meaning issue.

In brief, the cases are fully distinguishable upon their facts.

American Scientific Chemical was suing to prevent American Hospital

Supply from adopting the name AMERICAN SCIENTIFIC PRODUCTS. It was not, in analogy to SIR SPEEDY'S position in the present case, suing to enjoin usage of the word SCIENTIFIC alone.

Unlike the present case, the report of the AMERICAN SCIENTIFIC case contains no reference to any previous challenge of the plaintiff American Scientific's right to use its name, nor does the report contain any reference to third-party usage of similar names on related products.

SUMMARY

The holdings below were simply to the effect that Petitioner SIR SPEEDY had failed to establish that it had acquired secondary meaning in the name SPEEDY alone in the instant printing

business, and on the facts that Petitioner SIR SPEEDY had therefore failed to establish its acquisition of any enforceable exclusive rights in the name SPEEDY alone. Petitioner SIR SPEEDY had its full day in court below, but simply failed to prove its case. No conflict between Circuits has been demonstrated.

The Petition should be denied.

Respectfully submitted,

BASILE, WEINTRAUB & HANLON

By John G. Batchelder

John G. Batchelder
Attorneys for Respondents
900 Tower Drive, Suite 555
Troy, Michigan 48098
(313) 879-8660

CERTIFICATE OF COUNSEL

JOHN G. BATCHELDER, the undersigned counsel for Respondent, affirms that on this 25th day of January, 1985, the foregoing "RESPONDENT'S BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SIXTH CIRCUIT was served upon Petitioner by sending three copies by U.S. first class mail postage prepaid, addressed to FRANCIS A. UTECHT, Suite 510, Harbor Bank Building, 11 Golden Shore, Long Beach, California 90802-4278, attorney for Petitioner.

BASILE, WEINTRAUB & HANLON

By John G. Batchelder
John G. Batchelder
Attorney for Respondent